

## **CDBG Allocation Plan**

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**STATE OF INDIANA**  
**STATE COMMUNITY DEVELOPMENT BLOCK GRANT**  
**(CDBG) PROGRAM (CFDA: 14-228)**  
**INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS**  
**FY 2007 PROGRAM DESIGN AND METHOD OF DISTRIBUTION**

**GENERAL BACKGROUND INFORMATION AND NATIONAL CDBG OBJECTIVES**

The State of Indiana, through the Indiana Office of Community and Rural Affairs, assumed administrative responsibility for Indiana's Small Cities Community Development Block Grant (CDBG) Program in 1982, under the auspices of the U.S. Department of Housing and Urban Development (HUD). In accordance with 570.485(a) and 24 CFR Part 91, the State must submit a Consolidated Plan to HUD by May 15th of each year following an appropriate citizen participation process pursuant to 24 CFR Part 91.325, which prescribes the State's Consolidated Plan process as well as the proposed method of distribution of CDBG funds for 2007. The State of Indiana's anticipated allocation of federal Community Development Block Grant (CDBG) funds for FY 2007 is \$31,790,913.

This document applies to all federal Small Cities CDBG funds allocated by HUD to the State of Indiana, through its Office of Community and Rural Affairs. During FY 2007, the State of Indiana does not propose to pledge a portion of its present and future allocation(s) of Small Cities CDBG funds as security for Section 108 loan guarantees provided for under Subpart M of 24 CFR Part 570 (24 CFR 570.700).

The primary objective of Indiana's Small Cities CDBG Program is to assist in the development and re-development of viable Indiana communities by using CDBG funds to provide a suitable living environment and expand economic opportunities, principally for low and moderate income persons.

Indiana's program will place emphasis on making Indiana communities a better place in which to reside, work, and recreate. Primary attention will be given to activities, which promote long term community development and create an environment conducive to new or expanded employment opportunities for low and moderate income persons.

Activities and projects funded by the Office of Community and Rural Affairs must be eligible for CDBG assistance pursuant to 24 CFR 570, et. seq., and meet one of the three (3) national objectives prescribed under the Federal Housing and Community Development Act, as amended (Federal Act). To fulfill a national CDBG objective a project must meet one (1) of the following requirements pursuant to Section 104 (b)(3) of the Federal Act, and 24 CFR 570.483, et seq., and must be satisfactorily documented by the recipient:

1. Principally benefit persons of low and moderate income families; or,
2. Aid in the prevention or elimination of slums and blight; or,
3. Undertake activities, which have urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where no other financial resources are available to meet such needs.

In implementing its FY 2007 CDBG Consolidated Plan, the Indiana Office of Community and Rural Affairs will pursue the following goals respective to the use and distribution of FY 2007 CDBG funds:

**GOAL 1: Invest in the needs of Indiana's low and moderate income citizens in the following areas:**

- a. Safe, sanitary and suitable housing
- b. Health services
- c. Homelessness
- d. Job creation, retention and training
- e. Self-sufficiency for special needs groups
- f. Senior lifestyles

The Office of Community and Rural Affairs will pursue this goal of investing in the needs of Indiana's low and moderate income citizens and all applicable strategic priorities by distributing CDBG funds in a manner which promotes suitable housing, viable communities and economic opportunities.

**GOAL 2: Invest in the needs of Indiana's communities in the following areas:**

- a. Housing preservation, creation and supply of suitable rental housing
- b. Neighborhood revitalization
- c. Public infrastructure improvements
- d. Provision of clean water and public solid waste disposal
- e. Special needs of limited-clientele groups
- f. Assist local communities with local economic development projects, which will result in the attraction, expansion and retention of employment opportunities for low and moderate income persons

The Office of Community and Rural Affairs will pursue this goal of investing in the needs of Indiana's communities and all applicable strategic priorities by distributing CDBG funds in a manner which promotes suitable housing, preservation of neighborhoods, provision and improvements of local public infrastructure and programs which assist persons with special needs. The Office of Community and Rural Affairs will also pursue this goal by making CDBG funds available to projects, which will expand and/or retain employment opportunities for low and moderate income persons.

**GOAL 3: Invest CDBG funds wisely and in a manner which leverages all tangible and intangible resources:**

- a. Leverage CDBG funds with all available federal, state and local financial and personal resources
- b. Invest in the provision of technical assistance to CDBG applicants and local capacity building
- c. Seek citizen input on investment of CDBG funds
- d. Coordination of resources (federal, state and local)
- e. Promote participation of minority business enterprises (MBE) and women business enterprises (WBE)
- f. Use performance measures and continued monitoring activities in making funding decisions

The Office of Community and Rural Affairs will pursue this goal of investing CDBG wisely and all applicable strategic priorities by distributing CDBG funds in a manner, which promotes exploration of all alternative resources (financial and personal) when making funding decisions respective to applications for CDBG funding.

## PROGRAM AMENDMENTS

The Indiana Office of Community and Rural Affairs reserves the right to transfer up to ten percent (10%) of each fiscal year's available allocation of CDBG funds (i.e. FY 2007 as well as prior-years' reversions balances) between the programs described herein in order to optimize the use and timeliness of distribution and expenditure of CDBG funds, without formal amendment of this Consolidated Plan.

The Office of Community and Rural Affairs will provide citizens and general units of local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of FY 2007 CDBG as well as reversions and residual available balances of prior-years' CDBG funds. "Substantial Change" shall mean the movement between programs of more than ten percent (10%) of the total allocation for a given fiscal year's CDBG funding allocation, or a major modification to programs described herein. The Office of Community and Rural Affairs, in consultation with the Indianapolis office of the US Department of Housing and Urban Development (HUD), will determine those actions, which may constitute a "substantial change".

The State (OCRA) will formally amend its FY 2007 Consolidated Plan if the Office of Community and Rural Affairs' Method of Distribution for FY 2007 and prior-years funds prescribed herein are to be significantly changed. The OCRA will determine the necessary changes, prepare the proposed amendment, provide the public and units of general local government with reasonable notice and opportunity to comment on the proposed amendment, consider the comments received, and make the amended FY 2007 Consolidated Plan available to the public at the time it is submitted to HUD. In addition, the Office of Community and Rural Affairs will submit to HUD the amended Consolidated Plan before the Department implements any changes embodied in such program amendment.

## ELIGIBLE ACTIVITIES/FUNDABILITY

All activities, which are eligible for federal CDBG funding under Section 105 of the Federal Housing and Community Development Act of 1974, as amended (Federal Act), are eligible for funding under the Indiana Office of Community and Rural Affairs' FY 2007 CDBG program. However, the Indiana Office of Community and Rural Affairs reserves the right to prioritize its method of funding; the Office of Community and Rural Affairs prefers to expend federal CDBG funds on activities/projects which will produce tangible results for principally low and moderate income persons in Indiana. Funding decisions will be made using criteria and rating systems, which are used for the State's programs and are subject to the availability of funds. It shall be the policy under the state program to give priority to using CDBG funds to pay for actual project costs and not to local administrative costs. The State of Indiana certifies that not less than seventy-percent (70%) of FY 2007 CDBG funds will be expended for activities principally benefiting low and moderate income persons, as prescribed by 24 CFR 570.484, et. seq.

## ELIGIBLE APPLICANTS

1. All Indiana counties, cities and incorporated towns which do not receive CDBG entitlement funding directly from HUD or are not located in an "urban county" or other area eligible for "entitlement" funding from HUD.
2. All Indian tribes meeting the criteria set forth in Section 102 (a)(17) of the Federal Act.

In order to be eligible for CDBG funding, applicants may not be suspended from participation in the HUD-funded CDBG Programs or the Indiana Office of Community and Rural Affairs due to findings/irregularities with previous CDBG grants or other reasons. In addition, applicants may not be suspended from participation in the state CDBG-funded projects administered by the Indiana Housing & Community Development Authority (IHCA), such funds being subcontracted

to the IHCD by the Office of Community and Rural Affairs.

Further, in order to be eligible for CDBG funding, applicants may not have overdue reports, overdue responses to monitoring issues, or overdue grant closeout documents for projects funded by either the Office of Community and Rural Affairs or IHCD projects funded using state CDBG funds allocated to the IHCD by the Office of Community and Rural Affairs. All applicants for CDBG funding must fully expend all CDBG Program Income as defined in 24 CFR 570.489(e) prior to, or as a part of the proposed CDBG-assisted project, in order to be eligible for further CDBG funding from the State. This requirement shall not apply to principal and interest balances within a local CDBG Revolving Loan Fund approved by the Office of Community and Rural Affairs pursuant to 24 CFR 570.489.

Other specific eligibility criteria are outlined in General Selection Criteria provided herein.

#### FY 2007 FUND DISTRIBUTION

##### Sources of Funds:

FY 2007 CDBG Allocation	\$31,790,913
CDBG Program Income(a)	\$0
Total:	\$31,790,913

##### Uses of Funds:

1. Community Focus Fund (CFF)	\$22,845,413
2. Housing Program	\$4,291,773
3. Community Economic Development Fund	\$1,700,000
4. Micro-enterprise Assistance Program	\$500,000
5. Quick Response Fund	\$0
6. Technical Assistance Set-aside	\$317,909
7. Planning Fund	\$1,400,000
8. Administration	\$735,818
Total:	\$31,790,913

(a) The State of Indiana (Office of Community and Rural Affairs) does not project receipt of any CDBG program income for the period covered by this FY 2007 Consolidated Plan. In the event the Office of Community and Rural Affairs receives such CDBG Program Income, such moneys will be placed in the Community Focus Fund for the purpose of making additional competitive grants under that program. Reversions of other years' funding will be placed in the Community Focus Fund for the specific year of funding reverted. The State will allocate and expend all CDBG Program Income funds received prior to drawing additional CDBG funds from the US Treasury. However, the following exceptions shall apply:

1. This prior-use policy shall not apply to housing-related grants made to applicants by the Indiana Housing & Community Development Authority (IHCD), a separate agency, using CDBG funds allocated to the IHCD by the Office of Community and Rural Affairs.
2. CDBG program income funds contained in a duly established local Revolving Loan Fund(s) for economic development or housing rehabilitation loans which have been formally approved by the Office of Community and Rural Affairs. However, all local revolving loan funds must be "revolving" and cannot possess a balance of more than \$50,000 at the time of application of additional CDBG funds.

3. Program income generated by CDBG grants awarded by the Office of Community and Rural Affairs (State) using FY 2007 CDBG funds must be returned to the Office of Community and Rural Affairs, however, such amounts of less than \$25,000 per calendar year shall be excluded from the definition of CDBG Program Income pursuant to 24 CFR 570.489.

All obligations of CDBG program income to projects/activities, except locally-administered revolving loan funds approved by the Office of Community and Rural Affairs, require prior approval by the Office of Community and Rural Affairs. This includes use of program income as matching funds for CDBG-funded grants from the IHCD. Applicable parties should contact the Grant Support Division of the Indiana Office of Community and Rural Affairs at (317) 232-8333 for application instructions and documents for use of program income prior to obligation of such funds.

Furthermore, U.S. Department of Treasury regulations require that CDBG program income cash balances on hand be expended on any active CDBG grant being administered by a grantee before additional federal CDBG funds are requested from the Office of Community and Rural Affairs. These US Treasury regulations apply to projects funded both by IHCD and the Office of Community and Rural Affairs. Eligible applicants with CDBG program income should strive to close out all active grant projects presently being administered before seeking additional CDBG assistance from the Office of Community and Rural Affairs or IHCD.

Eligible applicants with CDBG program income should contact the Grant Support Division of the Office of Community and Rural Affairs at (317) 232-8333 for clarification before submitting an application for CDBG financial assistance.

#### **METHOD OF DISTRIBUTION**

The choice of activities on which the State (Office of Community and Rural Affairs) CDBG funds are expended represents a determination by Office of Community and Rural Affairs and eligible units of general local government, developed in accordance with the Department's CDBG program design and procedures prescribed herein. The eligible activities enumerated in the following Method of Distribution are eligible CDBG activities as provided for under Section 105(a) of the Federal Act, as amended.

All projects/activities funded by the State (Office of Community and Rural Affairs) will be made on a basis which addresses one (1) of the three (3) national objectives of the Small Cities CDBG Program as prescribed under Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of implementing regulations promulgated by HUD. CDBG funds will be distributed according to the following Method of Distribution (program descriptions):

##### **A. Community Focus Fund (CFF): \$22,845,413**

The Office of Community and Rural Affairs will award community Focus Fund (CFF) grants to eligible applicants to assist Indiana communities in the areas of public facilities, housing-related infrastructure, and all other eligible community development needs/projects. Applications for economic development activities may not be appropriate for the CFF Program. Applications for funding, which are applicable to local economic development and/or job-related training projects, should be pursued under the Office of Community and Rural Affairs' Community Economic Development Fund (CEDF). Projects eligible for consideration under the CEDF program under this Method of Distribution shall generally not be eligible for consideration under the CFF Program. Eligible activities include applicable activities listed under Section 105(a) of the Federal Act. Typical Community Focus Fund (CFF) projects include, but are not limited to:

1. Local infrastructure improvements (i.e. water, sewer, storm water improvements);

2. Construction of other public facilities (i.e. youth centers, senior centers, etc.);
3. Commercial rehabilitation and downtown revitalization projects; and,
4. Special purpose facilities for "limited clientele" populations.

Applications will be accepted and awards will be made on a competitive basis two (2) times a year. Approximately one-half of available CFF funds shall be budgeted for each funding round. 55% of funds available in each funding round will be allocated to water, wastewater and storm water projects. 45% of funds available in each funding round will be allocated to all other community development projects. Awards will be scored competitively based upon the following criteria (total possible numerical score of 1,100 points):

**1. Economic and Demographic Characteristics: 450 Points - Variable by Each Application:**

- a. Benefit to low and moderate income persons: 200 points
- b. Community distress factors: 250 points

**2. Project Design Factors: 450 Points - Variable by Each Application:**

- a. Financial impact
- b. Project need
- c. Local effort

**3. Local Match Contribution: 100 Points - Variable by Each Application:**

**4. Priority Project Points: 75 Points – Variable by Each Application:**

- |                                      |           |
|--------------------------------------|-----------|
| a. Infrastructure Projects           | 75 points |
| Water System Improvements            |           |
| Sewer System Improvements            |           |
| Storm water System Improvements      |           |
| b. Community Development Projects    |           |
| Group A Projects                     | 75 points |
| Health Facilities                    |           |
| Youth Centers                        |           |
| Group B Projects                     | 65 points |
| Community Centers                    |           |
| Day Care Centers                     |           |
| Senior Centers                       |           |
| Fire Stations                        |           |
| Libraries                            |           |
| Infrastructure in support of housing |           |
| ADA/Handicap Compliance              |           |
| Other Special Needs Facilities       |           |
| Group C Projects                     | 55 points |
| Fire Trucks                          |           |
| Historic Preservation                |           |
| Downtown Revitalization              |           |
| Parks/Recreation                     |           |
| Slum/Blight Clearance                |           |

**5. Leveraging of Philanthropic Capital: 25 Points – Variable by Each Application:**

2% of total Grant amount or \$5,000 (whichever is greater) is being funded by Philanthropic capital. Sources include but are not limited to:

- County Community Foundations
- Lilly Foundation
- Kellogg Foundation
- University Foundations
- Private Endowments

The specific threshold criteria and basis for project point awards for CFF grant awards are provided in attachments hereto. The Community Focus Fund (CFF) Program shall have a maximum grant amount of \$500,000 for each project and each applicant may apply for only one project in a grant cycle. The only exception to this \$500,000 limit will be for those CFF applicants who apply for the Office of Community and Rural Affairs' Minority Business Enterprise (MBE) Utilization Program. Under this program, the Office of Community and Rural Affairs will allocate an additional amount of CDBG-CFF grant funds to those applicants who apply for participation in the MBE program and who are awarded CFF grants. The maximum additional allocation to the CFF grant amount will be five-percent (5%) of the total amount of CDBG allocated to each CFF budget line item to be considered participatory for such MBE utilization, limited to \$25,000 ( $\$500,000 \times 0.05 = \$25,000$ ).

Projects will be funded in two (2) cycles each year with approximately a six (6) month pre-application and final-application process. Projects will compete for CFF funding and be judged and ranked according to a standard rating system (Attachment D). The highest ranking projects will be funded to the extent of funding available for each specific CFF funding cycle/round. The Office of Community and Rural Affairs will provide eligible applicants with adequate notice of deadlines for submission of CFF proposal (pre-application) and full applications. Specific threshold criteria and point awards are explained in Attachments C and D to this Consolidated Plan.

For the CFF Program specifically, the amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary, except for housing-related projects (e.g. infrastructure in support of housing) where the grant amount per beneficiary ratio will not exceed \$10,000 per beneficiary.

**B. Housing Program: \$4,510,720**

The State (Office of Community and Rural Affairs) has contracted with the Indiana Housing & Community Development Authority (IHCDA) to administer funds allocated to the State's Housing Program. The Indiana Housing & Community Development Authority will act as the administrative agent on behalf of the Indiana Office of Community and Rural Affairs. Please refer to the Indiana Housing & Community Development Authority's portion of this FY 2007 Consolidated Plan for the method of distribution of such subcontracted CDBG funds from the Office of Community and Rural Affairs to the IHCDA.

**C. Community Economic Development Fund/Program: \$1,700,000**

The Community Economic Development Fund (CEDF) will be available through the e Indiana Office of Community and Rural Affairs. This fund will provide funding for various eligible economic development activities pursuant to 24 CFR 507.203. The Office of Community and Rural Affairs will give priority for CEDF-IDIP funding to construction of off-site and on-site infrastructure projects in support of low and moderate income employment opportunities.

Eligible CEDF activities will include any eligible activity under 24 CFR 570.203, to include the following:



1. Construction of infrastructure (public and private) in support of economic development projects;
2. Loans or grants by applicants for the purchase of manufacturing equipment;
3. Loans or grants by applicants for the purchase of real property and structures (includes vacant structures);
4. Loans or grants by applicants for the rehabilitation of facilities (vacant or occupied);
5. Loans or grants by applicants for the purchase and installation of pollution control equipment;
6. Loans or grants by applicants for the mitigation of environmental problems via capital asset purchases.

Eligible CEDF activities will also include grants to applicants for job-training costs for low and moderate income persons as a limited clientele activity under 24 CFR 570.483(b)(2)(v), as well financial assistance to eligible entities to carry out economic development activities authorized under Section 105(a) of the Housing and Community Development Act of 1974, as amended.

Projects/applications will be evaluated using the following criteria:

1. The importance of the project to Indiana's economic development goals;
2. The number and quality of new jobs to be created;
3. The economic needs of the affected community;
4. The economic feasibility of the project and the financial need of the affected for-profit firm, or not-for-profit corporation; the availability of private resources;
5. The level of private sector investment in the project.

Grant applications will be accepted and awards made until funding is no longer available. The intent of the program is to provide necessary public improvements and/or job training for an economic development project to encourage the creation of new jobs. In some instances, the Office of Community and Rural Affairs may determine that the needed facilities/improvements may also benefit the project area as a whole (i.e. certain water, sewer, and other public facilities improvements), in which case the applicant will be required to also meet the "area basis" criteria for funding under the Federal Act.

#### **1. Beneficiaries and Job Creation/Retention Assessment:**

The assistance must be reasonable in relation to the expected number of jobs to be created or retained by the benefiting business(es) within 12 months following the date of substantial completion of project construction activities. Before CDBG assistance will be provided for such an activity, the applicant unit of general local government must develop an assessment, which identifies the businesses located or expected to locate in the area to be served by the improvement. The assessment must include for each identified business a projection of the number of jobs to be created or retained as a result of the public improvements.

#### **2. Public Benefit Standards:**

The Office of Community and Rural Affairs will conform to the provisions of 24 CFR 570.482(f) for purposes of determining standards for public benefit and meeting the national objective of low and moderate income job creation or retention will be all jobs created or retained as a result of the public improvement, financial assistance, and/or job training by the business(es) identified in the job creation/retention assessment in 1 above. The investment of CDBG funds in any economic development project shall not exceed an amount of \$10,000 per job created; at least fifty-one percent (51%) of all such jobs, during the project period, shall be given to, or made available to, low and moderate income persons.

Projects will be evaluated on the amount of private investment to be made, the number of jobs for

low and moderate income persons to be created or retained, the cost of the public improvement and/or job training to be provided, the ability of the community (and, if appropriate, the assisted company) to contribute to the costs of the project, and the relative economic distress of the community. Actual grant amounts are negotiated on a case by case basis and the amount of assistance will be dependent upon the number of new full-time permanent jobs to be created and other factors described above. Construction and other temporary jobs may not be included. Part-time jobs are ineligible in the calculating equivalents. Grants made on the basis of job retention will require documentation that the jobs will be lost without such CDBG assistance and a minimum of fifty-one percent (51%) of the beneficiaries are of low and moderate income.

Pursuant to Section 105(e)(2) of the Federal Act as amended, and 24 CFR 570.209 of related HUD regulations, CDBG-CEDF funds allocated for direct grants or loans to for-profit enterprises must meet the following tests, (1) project costs must be reasonable, (2) to the extent practicable, reasonable financial support has been committed for project activities from non-federal sources prior to disbursement of federal CDBG funds, (3) any grant amounts provided for project activities do not substantially reduce the amount of non-federal financial support for the project, (4) project activities are determined to be financially feasible, (5) project-related return on investment are determined to be reasonable under current market conditions, and, (6) disbursement of CDBG funds on the project will be on an appropriate level relative to other sources and amounts of project funding.

A need (financial gap), which is not directly available through other means of private financing, should be documented in order to qualify for such assistance; the Office of Community and Rural Affairs will verify this need (financial gap) based upon historical and/or pro-forma projected financial information provided by the for-profit company to be assisted. Applications for loans based upon job retention must document that such jobs would be lost without CDBG assistance and a minimum of fifty-one percent (51%) of beneficiaries are of low-and-moderate income, or the recipient for-profit entity agrees that for all new hires, at least 51% of such employment opportunities will be given to, or made available to, persons of low and moderate income. All such job retention/hiring performance must be documented by the applicant/grantee, and the OCRA reserves the right to track job levels for an additional two (2) years after administrative closeout.

#### **D. Micro-enterprise Assistance Program: \$500,000**

The Office of Community and Rural Affairs will set aside \$500,000 of its FY 2007 CDBG funds for a Micro-enterprise Assistance Program. The Office of Community and Rural Affairs will make grants to units of local government to carry out various activities eligible under 24 CFR 507.291-203.

#### **E. The Quick Response Fund: \$0**

The Quick Response Fund will be available to eligible applicants on a continuing basis. These activities must be eligible for funding under the "urgent need" national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

The Quick Response Fund program will be available to eligible applicants to meet an imminent threat to the health and safety of local populations. The grants may be funded as made available through the Community Focus Fund or reversions when not budgeted from the annual allocation. Special selection factors include need, proof of recent threat of a catastrophic nature, statement of declared emergency and inability to fund through other means. Projects will be developed with the assistance of the Office of Community and Rural Affairs as a particular need arises. To be eligible, these projects and their activities must meet the "urgent need" national objective of Section 104(b)(3) of the Federal Act. Generally, projects funded are those, which need immediate attention and are, therefore, inappropriate for consideration under the Community Focus Fund. The types of projects, which typically receive funding, are municipal water systems (where the supply of potable water has been threatened by severe weather conditions) and assistance with demolition or cleanup after a major fire, flood, or other natural disaster. Although all projects will be required to meet the "urgent need" national objective, the Office of Community and Rural Affairs may choose to actually fund the project under one of the other two national objectives, if it deems it expedient to do so. Applicants must adequately document that other financial resources are not available to meet such needs pursuant to Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of HUD regulations.

Only that portion of a project, which addresses an immediate need, should be addressed. This is particularly true of municipal water or sewer system projects, which tend to need major reinvestment in existing plants or facilities, in addition to the correction of the immediate need. The amount of grant award is determined by the individual circumstances surrounding the request for emergency funds. A community may be required to provide a match through cash, debt or provision of employee labor.

The Quick Response Fund will also be available to eligible activities, which meet the "benefit to low and moderate income" or "prevention and elimination of slums and blight" goals of the Federal Act. The community must demonstrate that the situation requires immediate attention (i.e., that participation in CFF program would not be a feasible funding alternative or poses an immediate or imminent threat to the health or welfare of the community) and that the situation is not the result of negligence on the part of the community. Communities must be able to demonstrate that reasonable efforts have been made to provide or obtain financing from other resources and that such effort where unsuccessful, unwieldy or inadequate. Alternatively, communities must be able to demonstrate that an opportunity to complete a project of significant importance to the community would be lost if required to adhere to the timetables of competitive programs. Determination of eligibility will be at the sole discretion of the Office of Community and Rural Affairs.

#### **F. Planning Fund: \$ 1,400,000**

The State (Office of Community and Rural Affairs) will set aside \$1,400,000 of its FY 2007 CDBG funds for planning-only activities, which are of a project-specific nature. The Office of Community and Rural Affairs will make planning-only grants to units of local government to carry out planning activities eligible under 24 CFR 570.205 of applicable HUD regulations. The Office of Community and Rural Affairs will award such grants on a competitive basis and grant the Office of Community and Rural Affairs will review applications monthly. The Office of Community and Rural Affairs will give priority to project-specific applications having planning activities designed to assist the applicable unit of local government in meeting its community development needs by reviewing all possible sources of funding, not simply the Office of Community and Rural Affairs.

Community Focus Fund or Community Economic Development Fund.

CDBG-funded planning costs will exclude final engineering and design costs related to specific activities which are eligible activities/costs under 24 CFR 570.201-204.

**G. Technical Assistance: \$317,909**

Pursuant to the federal Housing and Community Development Act (Federal Act), specifically Section 106(d)(5), the State of Indiana is authorized to set aside up to one percent (1%) of its total allocation for technical assistance activities. The amount set aside for such Technical Assistance in the State's FY 2007 Consolidated Plan is \$315,435, which constitutes one-percent (1%) of the State's FY 2007 CDBG allocation of \$31,543,515. The State of Indiana reserves the right to set aside up to one percent (1%) of open prior-year funding amounts for the costs of providing technical assistance on an as-needed basis.

The amount set aside for the Technical Assistance Program will not be considered a planning cost as defined under Section 105(a)(12) of the Federal Act or an administrative cost as defined under Section 105(a)(13) of the Federal Act. Accordingly, such amounts set aside for Technical Assistance will not require matching funds by the State of Indiana. The Department reserves the right to transfer a portion or all of the funding set aside for Technical Assistance to another program hereunder as deemed appropriate by the Office of Community and Rural Affairs, in accordance with the "Program Amendments" provisions of this document. The Technical Assistance Program is designed to provide, through direct Office of Community and Rural Affairs staff resources or by contract, training and technical assistance to units of general local government, nonprofit and for-profit entities relative to community and economic development initiatives, activities and associated project management requirements.

1. **Distribution of the Technical Assistance Program Set-aside:** Pursuant to HUD regulations and policy memoranda, the Office of Community and Rural Affairs may use alternative methodologies for delivering technical assistance to units of local government and nonprofits to carry out eligible activities, to include:
  - a. Provide the technical assistance directly with Office of Community and Rural Affairs or other State staff;
  - b. Hire a contractor to provide assistance;
  - c. Use subrecipients such as Regional Planning Organizations as providers or securers of the assistance;
  - d. Directly allocate the funds to non-profits and units of general local governments to secure/contract for technical assistance.
  - e. Pay for tuition, training, and/or travel fees for specific trainees from units of general local governments and nonprofits;
  - f. Transfer funds to another state agency for the provision of technical assistance; and,
  - g. Contracts with state-funded institutions of higher education to provide the assistance.
2. **Ineligible Uses of the Technical Assistance Program Set-aside:** The 1% set-aside may not be used by the Office of Community and Rural Affairs for the following activities:
  - a. Local administrative expenses not related to community development;
  - b. Any activity that can not be documented as meeting a technical assistance need;
  - c. General administrative activities of the State not relating to technical assistance, such as monitoring state grantees, rating and ranking State applications for CDBG assistance, and drawing funds from the Office of Community and Rural Affairs; or,
  - d. Activities that are meant to train State staff to perform state administrative functions, rather than to train units of general local governments and non-profits.

#### **H. Administrative Funds Set-aside: \$735,818**

The State (Office of Community and Rural Affairs) will set aside \$735,818 of its FY 2007 CDBG funds for payment of costs associated with administering its State Community Development Block Grant (CDBG) Program (CFDA Number 14.228). This amount (\$735,818) constitutes two-percent (2%) of the State's FY 2007 CDBG allocation (\$635,818), plus an amount of \$100,000 ( $\$31,790,913 \times 0.02 = \$635,818 + \$100,000 = \$735,818$ ). The amount constituted by the 2% set aside (\$635,818) is subject to the \$1-for-\$1 matching requirement of HUD regulations. The \$100,000 supplement is not subject to state match. These funds will be used by the Office of Community and Rural Affairs for expenses associated with administering its State CDBG Program, including direct personal services and fringe benefits of applicable Office of Community and Rural Affairs staff, as well as direct and indirect expenses incurred in the proper administration of the state's program and monitoring activities respective to CDBG grants awarded to units of local government (i.e. telephone, travel, services contractual, etc.). These administrative funds will also be used to pay for contractors hired to assist the Office of Community and Rural Affairs in its consolidated planning activities.

#### **PRIOR YEARS' METHODS OF DISTRIBUTION**

This Consolidated Plan, statement of Method of Distribution is intended to amend all prior Consolidated Plans for grant years where funds are still available to reflect the new program designs. The Methods of Distribution described in this document will be in effect commencing on June 1, 2007, and ending May 31, 2007, unless subsequently amended, for all FY 2007 CDBG funds as well as remaining residual balances of previous years' funding allocations, as may be amended from time to time subject to the provisions governing "Program Amendments" herein. The existing and amended program budgets for each year are outlined below (administrative fund allocations have not changed and are not shown below). Adjustments in the actual dollars may occur as additional reversions become available.

At this time there are only nominal funds available for reprogramming for prior years' funds. If such funds should become available, they will be placed in the CFF Fund. This will include reversions from settlement of completed grantee projects, there are no fund changes anticipated. For prior years' allocations there is no fund changes anticipated. Non-expended funds, which revert from the financial settlement of projects funded from other programs, will be placed in the Community Focus Fund (CFF).

#### **PROGRAM APPLICATION**

The Community Economic Development Fund Program (CEDF), Micro-enterprise Assistance Program (MAP), Quick Response Program (QR), and Planning Fund/Program (PL) will be conducted through a single-stage, continuous application process throughout the program year. The application process for the Community Focus Fund (CFF) will be divided into two stages. Eligible applicants will first submit a short program proposal for such grants. After submitting proposal, eligible projects under the Federal Act will be invited to submit a full application. For each program, the full application will be reviewed and evaluated. The Office of Community and Rural Affairs, as applicable, will provide technical assistance to the communities in the development of proposals and full applications.

An eligible applicant may submit only one Community Focus Fund (CFF) application per cycle. Additional applications may be submitted under the other state programs. The Office of Community and Rural Affairs reserves the right to negotiate Planning-Only grants with CFF applicants for applications lacking a credible readiness to proceed on the project or having other planning needs to support a CFF project.

## OTHER REQUIREMENTS

While administrative responsibility for the Small Cities CDBG program has been assumed by the State of Indiana, the State is still bound by the statutory requirements of the applicable legislation passed by Congress, as well as federal regulations promulgated by the U. S. Department of Housing and Urban Development (HUD) respective to the State's CDBG program as codified under Title 24, Code of the Federal Register. HUD has passed on these responsibilities and requirements to the State and the State is required to provide adequate evidence to HUD that it is carrying out its legal responsibilities under these statutes.

As a result of the Federal Act, applicants who receive funds through the Indiana Office of Community and Rural Affairs selection process will be required to maintain a plan for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of such activities. Applicants are required to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance under this program to acquire or substantially rehabilitate property. The State has adopted standards for determining reasonable relocation benefits in accordance with HUD regulations.

CDBG "Program Income" may be generated as a result of grant implementation. The State of Indiana may enter into an agreement with the grantee in which program income is retained by the grantee for eligible activities. Federal guidelines require that program income be spent prior to requesting additional draw downs. Expenditure of such funds requires prior approval from the Office of Community and Rural Affairs (OCRA). The State (Office of Community and Rural Affairs) will follow HUD regulations set forth under 24 CFR 570.489(e) respective to the definition and expenditure of CDBG Program Income.

All statutory requirements will become the responsibility of the recipient as part of the terms and conditions of grant award. Assurances relative to specific statutory requirements will be required as part of the application package and funding agreement. Grant recipients will be required to secure and retain certain information, provide reports and document actions as a condition to receiving funds from the program. Grant management techniques and program requirements are explained in the OCRA's CDBG Grantee Implementation Manual, which is provided to each grant recipient.

Revisions to the Federal Act have mandated additional citizen participation requirements for the State and its grantees. The State has adopted a written Citizen Participation Plan, which is available for interested citizens to review. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements.

The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

## INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA)

The Indiana Office of Community and Rural Affairs intends to provide the maximum technical assistance possible for all of the programs to be funded from the CDBG program. Lieutenant Governor Rebecca Skillman heads the Office of Community and Rural Affairs. Principal responsibility within the OCRA for the CDBG program is vested in Kathleen Weissenberger, Director of Community Affairs. The Office of Community and Rural Affairs also has the responsibility of administering compliance activities respective to CDBG grants awarded to units of local government.

Primary responsibility for providing "outreach" and technical assistance for the Community Focus Fund and Planning Fund process resides with the Office of Community and Rural Affairs. Primary responsibility for providing "outreach" and technical assistance for the Community Economic Development Program and award process also resides with OCRA. Primary responsibility for providing "outreach" and technical assistance for the Housing award process resides with the Indiana Housing & Community Development Authority who will act as the administrative agent on behalf of the Indiana Office of Community and Rural Affairs.

The Business Office will provide internal fiscal support services for program activities, development of the Consolidated Plan and the CAPER. The Grants Supports Division of OCRA has the responsibilities for CDBG program management, compliance and financial monitoring of all CDBG programs. The Indiana State Board of Accounts pursuant to the federal Office of Management and Budget Circular A-133 will conduct audits. Potential applicants should contact the Office of Community and Rural Affairs with any questions or inquiries they may have concerning these or any other programs operated by the Office of Community and Rural Affairs.

Information regarding the past use of CDBG funds is available at the:

Indiana Office of Community and Rural Affairs  
Office of Community and Rural Affairs  
One North Capitol, Suite 600  
Indianapolis, Indiana 46204-2288  
Telephone: 1-800-824-2476  
FAX: (317) 233-6503

## ATTACHMENT A

### DEFINITIONS

**Low and moderate income** - is defined as 80% of the median family income (adjusted by size) for each county. For a county applicant, this is defined as 80% of the median income for the state. The income limits shall be as defined by the U. S. Department of Housing and Urban Development Section 8 Income Guidelines for "low income families." Certain persons are considered to be "presumptively" low and moderate income persons as set forth under 24 CFR 570.208(a)(2); inquiries as to such presumptive categories should be directed to the OCRA's Grants Management Office, Attention: Ms. Beth Goeb at (317) 232-8831.

**Matching funds** - local public or private sector in-kind services, cash or debt allocated to the CDBG project. The minimum level of local matching funds for Community Focus Fund (CFF) projects is ten-percent (10%) of the total estimated project costs. This percentage is computed by adding the proposed CFF grant amount and the local matching funds amount, and dividing the local matching funds amount by the total sum of the two amounts. The 2007 definition of match has been adjusted to include a maximum of 5% pre-approved and validated in-kind contributions. The balance of the ten (10) percent must be in the form of either cash or debt. Any in-kind over and above the specified 5% may be designated as local effort. Funds provided to applicants by the State of Indiana such as the Build Indiana Fund are not eligible for use as matching funds.

Private investment resulting from CDBG projects does not constitute local match for all OCRA-CDBG programs except the Community Economic Development Fund (CEDF); such investment will, however, be evaluated as part of the project's impact, and should be documented. The Business Office reserves the right to determine sources of matching funds for CEDF projects.

**Proposal (synonymous with "pre-application")** - A document submitted by a community which briefly outlines the proposed project, the principal parties, and the project budget and how the proposed project will meet a goal of the Federal Act. If acceptable, the community may be invited to submit a full application.

**Reversions** - Funds placed under contract with a community but not expended for the granted purpose because expenses were less than anticipated and/or the project was amended or canceled and such funds were returned to the Office of Community and Rural Affairs upon financial settlement of the project.

**Slums or Blight** - an area/parcel which: (1) meets a definition of a slum, blighted, deteriorated, or deteriorating area under state or local law (Title 36-7-1-3 of Indiana Code); and (2) meets the requirements for "area basis" slum or blighted conditions pursuant to 24 CFR 570.208(b)(1) and 24 CFR 570.483(c)(1), or "spot basis" blighted conditions pursuant to 24 CFR 570.208(b)(2) and 24 CFR 570.483(c)(2).

**Urgent Need** - is defined as a serious and immediate threat to health and welfare of the community. The Chief Elected Official must certify that an emergency condition exists and requires immediate resolution and that alternative sources of financing are not available. An application for CDBG funding under the "urgent need" CDBG national objective must adhere to all requirements for same set forth under 24 CFR 570.208(c) and 24 CFR 570.483(d).

## ATTACHMENT B



#### DISPLACEMENT PLAN

1. The State shall fund only those applications, which present projects and activities, which will result in the displacement of as few persons or businesses as necessary to meet the goals and objectives of the state and local CDBG-assisted program.
2. The State will use this criterion as one of the guidelines for project selection and funding.
3. The State will require all funded communities to certify that the funded project is minimizing displacement.
4. The State will require all funded communities to maintain a local plan for minimizing displacement of persons or businesses as a result of CDBG funded activities, pursuant to the federal Uniform Relocation and Acquisitions Policies Act of 1970, as amended.
5. The State will require that all CDBG funded communities provide assistance to all persons displaced as a result of CDBG funded activities.
6. The State will require each funded community to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the CDBG funded program.

## GENERAL SELECTION CRITERIA

The Office of Community and Rural Affairs (OCRA) will consider the following general criteria when evaluating a project proposal. Although projects will be reviewed for this information at the proposal stage, no project will be eliminated from consideration if the criteria are not met. Instead, the community will be alerted to the problem(s) identified. Communities must have corrected any identified deficiencies by the time of application submission for that project to be considered for funding.

**A. General Criteria (all programs - see exception for program income and housing projects through the IHCD in 6 below):**

1. The applicant must be a legally constituted general purpose unit of local government and eligible to apply for the state program.
2. The applicant must possess the legal capacity to carry out the proposed program.
3. If the applicant has previously received funds under CDBG, they must have successfully carried out the program. An applicant must not have any overdue closeout reports, State Board of Accounts OMB A-133 audit or OCRA monitoring finding resolutions (where the community is responsible for resolution.) Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.
4. An applicant must not have any overdue CDBG semi-annual Grantee Performance Reports, subrecipient reports or other reporting requirements of the OCRA. Any determination of "overdue" is solely at the discretion of the Indiana Office of Community and Rural Affairs.
5. The applicant must clearly show the manner in which the proposed project will meet one of the three national CDBG objectives and meet the criteria set forth under 24 CFR 570.483.
6. The applicant must show that the proposed project is an eligible activity under the Act.
7. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs; EXCEPTION – these general criteria will not apply to applications made directly to the Indiana Housing & Community Development Authority (IHCD) for CDBG-funded housing projects.

**B. Community Focus Fund (CFF) and Planning Fund (PL):**

1. To be eligible to apply at the time of application submission, an applicant must not have any:
  - a. Overdue grant reports, subrecipient reports or project closeout documents; or
  - b. More than one open or pending CDBG-CFF grant or CDBG-Planning grant (Indiana cities and incorporated towns).
  - c. For those applicants with one open CFF, a "Notice of Release of Funds and Authorization to Incur Costs" must have been issued for the construction activities under the open CFF contract, and a contract for construction of the

principal (largest funding amount) construction line item (activity) must have been executed prior to the deadline established by OCRA for receipt of applications for CFF funding.

- d. For those applicants who have open Planning Fund grants, the community must have final plan approved by the Office of Community and Rural Affairs prior to submission of a CFF application for the project.
  - e. An Indiana county may have two (2) open CFF's and/or Planning Grants and apply for a third CFF or Planning Grant. A county may have only three (3) open CFF's or Planning Grants. Both CFF contracts must have an executed construction contract by the application due date.
2. The cost/beneficiary ratio for CFF funds will be maintained at \$5,000, except for daycare and housing-related projects where that ratio will not exceed \$10,000. Housing-related projects are to be submitted directly to the Indiana Housing & Community Development Authority (IHCDA) under its programs, except for projects entailing construction of infrastructure (to be publicly dedicated right-of-way) in support of housing-related projects. Projects for infrastructure in support of housing needs may be submitted to the OCRA for CFF funding.
  3. At least 10% leveraging (as measured against the CDBG project, see definitions) must be proposed. The Indiana Office of Community and Rural Affairs may rule on the suitability and eligibility of such leveraging.
  4. The applicant may only submit one proposal or application per round. Counties may submit either for their own project or an "on-behalf-of" application for projects of other eligible applicants within the county. However, no application will be invited from a county where the purpose is clearly to circumvent the "one application per round" requirement for other eligible applicants.
  5. The application must be complete and submitted by the announced deadline.
  6. For area basis projects, applicants must provide convincing evidence that circumstances in the community have so changed that a survey conducted in accordance with HUD survey standards is likely to show that 51% of the beneficiaries will be of low-and-moderate income. This determination is not applicable to specifically targeted projects.

**C. Housing Programs: Refer to Method of Distribution for Indiana Housing & Community Development Authority within this FY 2007 Consolidated Plan**

**D. Quick Response Program:**

Applicants for the Quick Response Program funds must meet the General Criteria set forth in Section A above, plus the specific program income requirements set forth in the "Method of Distribution" section of this document.

**E. Community Economic Development Program/Fund (CEDF):**

Applicants for the Community Economic Development Fund assistance must meet the General Criteria set forth in Section A above, plus the specific program requirements set forth in the "Method of Distribution" section of this document.

## GRANT EVALUATION CRITERIA – 1,100 POINTS TOTAL

Economic and Demographic Characteristics (450 points):**National Objective Score (200 points):**

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

1. **National Objective = Benefit to Low- and Moderate-Income Persons:** 200 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

$$\text{National Objective Score} = \% \text{ Low/Mod Beneficiaries} \times 2.5$$

The point total is capped at 200 points or 80% low/moderate beneficiaries, i.e., a project with 80% or greater low/moderate beneficiaries will receive 200 points. Below 80% benefit to low/moderate-income persons, the formula calculation will apply.

1. **National Objective = Prevention or Elimination of Slums or Blight:** 200 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

$$\text{National Objective Score} = (\text{Total of the points received in each category below}) \times 2.5$$

- \_\_\_ Slum/Blight Area or Spot designated by resolution of the local unit of government (50 pts.)
- \_\_\_ Community is an Indiana Main Street Senior Partner or Partner, and the project relates to downtown revitalization (5 pts.)
- \_\_\_ The project site is a brownfield\* (5 pts.)
- \_\_\_ The project is located in a designated redevelopment area under IC 36-7-14 (5 pts.)
- \_\_\_ The building or district is listed on the Indiana or National Register of Historic Places (10 pts.)
- \_\_\_ The building or district is eligible for listing on the Indiana or National Register of Historic Places (5 pts.)
- \_\_\_ The building is on the Historic Landmarks Foundation of Indiana's "10 Most Endangered List" (15 pts.)

\* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination.

**Community Distress Factors (250 Points):** The community distress factors used to measure the economic conditions of the applicant are listed below. Each is described with an explanation

and an example of how the points are determined. Each factor can receive a maximum of 50 points with the total distress point calculation having a maximum of 250 points. The formula calculation for each measure is constructed as a percentage calculation along a scale range. The resulting percentage is then translated into a point total on a fifty point scale for each measure.

**Unemployment Rate (50 points maximum):** Unemployment rate for the county of the lead applicant. The most recent average annual rate available is used.

- a. If the unemployment rate is above the maximum value, 50 points are awarded.
- b. If the unemployment rate is below the minimum value, 0 points are awarded.
- c. Between those values, the points are calculated by taking the unemployment rate, subtracting the minimum value, dividing by the range, and multiplying by 50.

**Unemployment Rate Points =  $\frac{((\text{Unemployment rate} - \text{minimum})/\text{range}) \times 50}{1}$**

For example, if the unemployment rate is 4.5%, the minimum value is 2.6%, maximum value is 9.7%, and range is 7.1%, take unemployment rate of 4.5%, subtract the minimum value of 2.6%, divide by a range of 7.1%, and multiply by 50. The score would be 13.38 point of a possible 50;  $\frac{((4.5 - 2.6)/7.1) \times 50}{1}$ .

**Net Assessed Value/capita (50 points maximum):** Net assessed value per capita (NAV pc) for lead applicant<sup>1</sup>. The most recent net assessed valuation figures<sup>2</sup>, as well as the most recent population figures are used.

To determine the NAV pc, divide the net assessed valuation by the population estimate for the same year. For example, for 2002 NAV pc, you would divide the 2002 NAV by the Census Bureau's estimate of the population on July 1, 2002.

**NAV per capita = NAV/Total Population**

- d. If the net assessed value per capita for the lead applicant is above the maximum value, 0 points are awarded.
- e. If the net assessed value per capita for the lead applicant is below the minimum value, 50 points are awarded.
- f. Between those values, the points are calculated by subtracting 50 from the NAVpc minus the minimum value, divided by the range and multiplied by 50.

**NAV per capita points =  $50 - \frac{((\text{NAV pc} - \text{minimum})/\text{range}) \times 50}{1}$**

For example, if the NAVpc is \$29,174, the minimum value is \$2,589 (excluding outliers), maximum value is \$75,524 (excluding outliers), and the range is \$72,935, take 50, subtract the NAV/capita of \$29,174 minus the minimum value of \$2,589, divide by the range of \$72,935, and multiply by 50. The score would be 31.78 points of a possible 50 points;  $50 - \frac{((29,174 - 2,589)/72,935) \times 50}{1}$ .

**Median Housing Value (50 points maximum):** Median Housing Value (MHV) for lead applicant<sup>3</sup>. Data from the most recent census are used.

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<sup>1</sup> For unincorporated areas, the NAV pc will be calculated based on data at the township level.

<sup>2</sup> All applicants will utilize the same basis, i.e., true tax value or market value, for the NAV pc calculation.

<sup>3</sup> For unincorporated areas MHV will be calculated based on data at the township level.

**Median Housing Value Points =  $50 - (((\text{MHV} - \text{minimum})/\text{range}) \times 50)$**

- g. If the median housing value for the lead applicant is above the maximum value, 0 points are awarded.
- h. If the median housing value for the lead applicant is below the minimum value, 50 points are awarded.

For example, if the median housing value is \$79,000, the minimum value is \$24,300 (excluding outliers), maximum value is \$246,300 (excluding outliers) and the range is \$222,000. Take the MHV of \$79,000 minus the minimum value of \$24,300, divide the difference by the range of \$222,000, and multiply by 50 then subtract this amount from 50. The score would be 37.68 points out of a total possible of 50;  $50 - [((79,000 - 24,300)/222,000) \times 50]$ .

**Median Household Income (25 points maximum):** Median household income (MHI) for the lead applicant<sup>4</sup>. Data from the most recent census are used.

**Median Household Income Points =  $25 - (((\text{MHI} - \text{minimum})/\text{range}) \times 25)$**

- i. If the median household income is above the maximum value, 0 points are awarded.
- j. If the median household income is below the minimum value, 25 points are awarded.
- k. Between those values, the points are calculated by subtracting 25 from the MHI minus the minimum value, divided by the range, and multiplied by 25.

For example, if the Median Household Income is \$35,491, the minimum value is \$16,667 (excluding outliers), maximum value is \$97,723 (excluding outliers), range is \$81,056, take 25, subtract the MHI of \$35,491, minus the minimum value of \$16,667, divide by the range of \$81,056, and multiply by 25. The score would be 19.19 points out of a possible 25;  $25 - [((35,491 - 16,667)/81,056) \times 25]$ .

**Family Poverty Rate (25 points maximum):** Family poverty rate for the lead applicant<sup>5</sup>. Data from the most recent census are used.

**Family Poverty Rate Points =  $[((\text{Family Poverty Rate} - \text{minimum})/\text{range}) \times 25]$**

- l. If the family poverty rate is above the maximum value, 25 points are awarded.
- m. If the family poverty rate is below the minimum value, 0 points are awarded.
- n. Between those values, the points are calculated by subtracting the Family Poverty Rate from the minimum value, then dividing by the range, and multiplying by 25.

For example, if the family poverty rate is 1.4%, the minimum value is 0% (excluding outliers), maximum value is 25% (excluding outliers), and range is 25%, take family poverty rate of 1.4%, subtract the minimum value of 0%, divide by a range of 25%, and multiply by 25. The score would be 1.4 points of a possible 25;  $[((1.4 - 0)/25) \times 25]$

**Percentage Population Change (50 points maximum):** Percentage population change from 1990 to 2000 for the lead applicant<sup>6</sup>. The percentage change is computed by subtracting the

<sup>4</sup> For unincorporated areas MHI will be calculated based on data at the township level.

<sup>5</sup> For unincorporated areas Family Poverty Rate will be calculated based on data at the township level.

<sup>6</sup> For unincorporated areas percentage population change will be calculated based on data at the township level.

1990 population from the 2000 population and dividing by the 1990 population. Convert this decimal to a percentage by multiplying by 100.

**Percentage Population Change = [(2000 population - 1990 population)/1990 population] X 100**

- o. If the population changed above the maximum percentage value, 0 points are awarded.
- p. If the population changed below the minimum percentage value, 50 points are awarded.
- q. Between those values, the points are calculated by subtracting 50 from the percentage population change minus the minimum value divided by the range, and multiplied by 50.

**Percentage Population Change points = 50 - [(Percentage population change - minimum)/range] X 50]**

For example, if the population increased by 16.61%, the minimum value is -61.33% (excluding outliers), maximum value is 181.27% (excluding outliers), range is 242.60%, take 50, subtract 16.61% minus the minimum value of -61.33%, divide the range of 242.60%, and multiply by 50. The score would be 33.94 points out of a total possible of 50;  $50 - [(16.61 - (-61.33)/242.60) \times 50]$ .

#### **Local Match Contribution (100 points):**

Up to 100 points possible based on the percentage of local funds devoted to the project. This total is determined as follows:

**Total Match Points = % Eligible Local Match X 2**

Eligible local match can be local cash, debt or in-kind sources. Government grants are not considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the Indiana Office of Community and Rural Affairs, Community Affairs Division four weeks prior to application submission.

#### **Project Design Factors (450 points):**

450 points maximum awarded according to the evaluation in three areas:

- Project Need** - why does the community need this project?
- Financial Impact** - why is grant assistance necessary to complete this project?
- Local Effort** - what has/is the community doing to move this project forward?

The project can receive a total of 150 points in each category. The points in these categories are awarded by the IOCRA review team when evaluating the projects. Applicants should work with IOCRA to identify ways to increase their project's scores in these areas.

#### **Project Priority Factors (100 points):**

**Infrastructure Projects** 75 points

- Water System Improvements
- Sewer System Improvements
- Storm water System Improvements

\*infrastructure projects constitute 55% of total CFF funding per round

Group A Projects 75 points  
 Health Facilities  
 Youth Centers

Group B Projects 65 points  
 Community Centers  
 Day Care Centers  
 Senior Centers  
 Fire Stations  
 Libraries  
 Infrastructure in support of housing  
 ADA/Handicap Compliance  
 Other Special Needs Facilities

Group C Projects 55 points  
 Fire Trucks  
 Historic Preservation  
 Downtown Revitalization  
 Parks/Recreation  
 Slum/Blight Clearance

\*Group A-C projects constitute 45% of total CFF funding per round

Leveraging of Philanthropic Capital 25 points  
 2% of total Grant amount or \$5,000  
 (whichever is greater) is being  
 funded by Philanthropic capital. Sources include  
 but are not limited to:  
 County Community Foundation  
 Lilly Foundation  
 Kellogg Foundation  
 University Foundations  
 Private Endowments

#### Points Reduction Policy:

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CFF assistance. Even if a community doesn't intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type will likely not be competitive and will be subject to the follow point reduction. This applies to all project types, although it is particularly relevant to utility projects.

0 – 5 years since previous funding – 50pts

5 – 7 years since previous funding – 25pts

#### Example:

Community submits and receives a CFF award for a new water tower in Round I of 2002. When applying for a water system upgrade (or a new water tower because the one they purchased failed) in Round I of 2007, they would be subject to a point reduction of 50pts.



**CITIZEN PARTICIPATION PLAN  
INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (STATE)**

The State of Indiana, Office of Community and Rural Affairs, pursuant to 24 CFR 91.115, 24 CFR 570.431 and 24 CFR 570.485(a) wishes to encourage maximum feasible opportunities for citizens and units of general local government to provide input and comments as to its Methods of Distribution set forth in the Office of Community and Rural Affairs' annual Consolidated Plan for CDBG funds submitted to HUD as well as the Office of Community and Rural Affairs' overall administration of the State's Small Cities Community Development Block Grant (CDBG) Program. In this regard, the Office of Community and Rural Affairs will perform the following:

1. Require each unit of general local government to comply with citizen participation requirements for such governmental units as specified under 24 CFR 570.486(a), to include the requirements for accessibility to information/records and to furnish citizens with information as to proposed CDBG funding assistance as set forth under 24 CFR 570.486(a)(3), provide technical assistance to representatives of low-and-moderate income groups, conduct a minimum of two (2) public hearings on proposed projects to be assisted by CDBG funding, such hearings being accessible to handicapped persons, provide citizens with reasonable advance notice and the opportunity to comment on proposed projects as set forth in Title 5-3-1 of Indiana Code, and provide interested parties with addresses, telephone numbers and times for submitting grievances and complaints.
2. Consult with local elected officials and the Office of Community and Rural Affairs Grant Administrator Networking Group in the development of the Method of distribution set forth in the State's Consolidated Plan for CDBG funding submitted to HUD.
3. Publish a proposed or "draft" Consolidated Plan and afford citizens, units of general local government, and the CDBG Policy Advisory committee the opportunity to comment thereon.
4. Furnish citizens and units of general local government with information concerning the amount of CDBG funds available for proposed community development and housing activities and the range/amount of funding to be used for these activities.
5. Hold one (1) or more public hearings respective to the State's proposed/draft Consolidated Plan, on amendments thereto, duly advertised in newspapers of general circulation in major population areas statewide pursuant to I.C. 5-3-1-2 (B), to obtain the views of citizens on proposed community development and housing needs. The Consolidated Plan Committee published the enclosed legal advertisement to thirteen (13) regional newspapers of general circulation statewide respective to the public hearings held on the 2007 Consolidated Plan. In addition, this notice was distributed by mail to over 1,000 local officials, non-profit entities, and interested parties statewide in an effort to maximize citizen participation in the FY 2007 consolidated planning process:

The Republic, Columbus, IN  
Indianapolis Star, Indianapolis, IN  
The Journal-Gazette, Fort Wayne, IN  
The Chronicle-Tribune, Marion, IN  
The Courier Journal, Louisville, KY  
Gary Post Tribune, Gary, IN  
Tribune Star, Terre Haute, IN  
Journal & Courier, Lafayette, IN  
Evansville Courier, Evansville, IN  
South Bend Tribune, South Bend, IN  
Palladium-Item, Richmond, IN

**The Times, Munster, IN  
The Star Press, Muncie, IN**

6. Provide citizens and units of general local government with reasonable and timely access to records regarding the past and proposed use of CDBG funds.
7. Make the Consolidated Plan available to the public at the time it is submitted to HUD, and;
8. Follow the process and procedures outlined in items 2 through 7 above with respect to any amendments to a given annual CDBG Consolidated Plan and/or submission of the Consolidated Plan to HUD.

In addition, the State also will solicit comments from citizens and units of general local government on its CDBG Performance Review submitted annually to the U.S. Department of Housing and Urban Developments (HUD). Prior to its submission of the Review to HUD, the State will advertise regionally statewide (pursuant to I.C. 5-3-1) in newspapers of general circulation soliciting comments on the Performance and Evaluation Report.

The State will respond within thirty (30) days to inquiries and complaints received from citizens and, as appropriate, prepare written responses to comments, inquiries or complaints received from such citizens.

## **NOTICE OF PUBLIC HEARING FY 2007 CONSOLIDATED PLAN FOR FUNDING**

### **INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**

Pursuant to 24 CFR part 91.115(a)(2), the State of Indiana wishes to encourage citizens to participate in the development of the State of Indiana Consolidated Plan for 2007. In accordance with this regulation, the State is providing the opportunity for citizens to comment on the 2007 Consolidated Plan Update draft report, which will be submitted to the US Department of Housing and Urban Development (HUD) on or before May 15, 2007. The Consolidated Plan defines the funding sources for the State of Indiana's four (4) major HUD-funded programs and provides communities a framework for defining comprehensive development planning. The FY 2007 Consolidated Plan will set forth the method of distribution of funding for the following HUD-funded programs:

**State Community Development Block Grant (CDBG) Program  
Home Investment Partnership Program  
Emergency Shelter Grant Program  
Housing Opportunities for Persons With AIDS Program**

These public hearings will be conducted as follows:

**Salem Public Library  
Program Room  
212 North Main St.  
Salem, IN 47167  
Tuesday, April 24  
10:00 am (Local Time)**

**Kokomo Public Library - south branch  
Cardinal Room  
1755 East Center Road  
Kokomo, IN 46902  
Wednesday, April 25  
10:00 am (Local Time)**

If you are unable to attend the public hearings, written comments are invited April 5, 2007 through May 7, 2007, at the following address:

**Indiana Office of Community and Rural Affairs  
One North Capitol – Suite 600  
Indianapolis, IN 46204-2288**

Persons with disabilities will be provided with assistance respective to the contents of the Consolidated Plan. Interested citizens and parties who wish to receive a free copy of the Executive Summary of the FY 2007 Consolidated Plan or have any other questions may contact the Indiana Office of Community and Rural Affairs at its toll free number 800.824.2476, or 317.232.8911, during normal business hours or via electronic mail at [bdawson2@ocra.in.gov](mailto:bdawson2@ocra.in.gov).

**Exhibit I-8.**  
**Strategies and Action Matrix, 2007 Action Plan**

Goals	Funds	Objective Category	Outcome Categories	Activities	Specific Objectives	Funding Goals	Assistance Goals
1. Expand and preserve affordable housing opportunities throughout the housing continuum.	HOME and ADCI	Decent Housing	Availability/Accessibility	Transitional Housing—Rehabilitation and New Construction	Improve range of housing options for special-needs populations.	\$10,117,529	For Housing from Shelters to Homeownership, QAP, HOME OQR = 336 units, For First Home = 509 units
		Decent Housing	Availability/Accessibility	Permanent Supportive Housing—Rehabilitation and New Construction	Increase number of homeless in permanent housing.		
		Decent Housing	Affordability	Rental Housing—Rehabilitation and New Construction	Increase the supply and improve the quality of affordable rental housing.		
		Decent Housing	Affordability	Homebuyer—Rehabilitation and New Construction	Increase the supply and improve the quality of affordable homeownership.		
		Decent Housing	Availability/Accessibility	CHDO Operating Support	Improve services for low/mod income persons.		
	CDBG	Decent Housing	Affordability	CHDO Predevelopment and Seed Money Loans	Increase the supply of affordable housing.	\$700,000	
		Decent Housing	Affordability	Downpayment Assistance	Increase the supply and improve the quality of affordable homeownership.	\$400,000	
		Decent Housing	Availability/Accessibility	Emergency shelters	End chronic homelessness.	\$1,066,513	
		Decent Housing	Availability/Accessibility	Youth shelters	End chronic homelessness.		
		Decent Housing	Availability/Accessibility	Transitional housing	Improve range of housing options for special-needs populations.		For all CDBG (Housing) = 244 units
2. Reduce homelessness and increase housing stability for special-needs populations.	HOME	Decent Housing	Availability/Accessibility	See special-needs housing activities in Goal 1.	Improve range of housing options for special-needs populations.		
	CDBG	Decent Housing	Availability/Accessibility	See special-needs housing activities in Goal 1.	Improve range of housing options for special-needs populations.		
	ESG	Decent Housing	Availability/Accessibility	Operating support	Improve range of housing options for special-needs populations.	\$1,436,933	89 shelters
		Decent Housing	Availability/Accessibility	Homeless prevention	Find chronic homelessness.	\$93,936	25 shelters
		Decent Housing	Availability/Accessibility	Essential services	Find chronic homelessness.	\$317,668	51 shelters
		Decent Housing	Availability/Accessibility	Accessibility Rehab	Improve range of housing options for special-needs populations.	\$57,000	3-4 shelters
	HOPWA	Decent Housing	Availability/Accessibility	Rental assistance	Improve range of housing options for special-needs populations.		For all activities = 47,259 unduplicated clients served
		Decent Housing	Availability/Accessibility	Short-term rent, mortgage, utility assistance	Improve range of housing options for special-needs populations.	\$370,040	170 households/units
		Suitable Living Environment	Availability/Accessibility	Supportive services	Improve range of housing options for special-needs populations.	\$221,508	300 households/units
		Decent Housing	Availability/Accessibility	Housing information	Improve range of housing options for special-needs populations.	\$111,200	125 households
		Suitable Living Environment	Availability/Accessibility	Project sponsor information	Improve range of housing options for special-needs populations.	\$53,860	25 households
3. Promote livable communities and community revitalization through addressing unmet community development needs.	CDBG	Suitable Living Environment	Sustainability	Community Focus fund: Construction/rehabilitation of wastewater water and storm water systems	Improve quality/quantity of public improvements for low/mod persons.	\$12,564,977	26 systems
		Suitable Living Environment	Availability/Accessibility	Community development projects (Senior Centers, Youth Centers, Community Centers, Historic Preservation Downtown Revitalization, ADA Accessibility, Fire Stations, Fire Trucks)	Improve quality/quantity of neighborhood services for low/mod persons.	\$70,280,436	26 facilities/projects
	CDBG	Suitable Living Environment	Sustainability	Planning/Feasibility Studies	Improve quality/quantity of public improvements for low/mod persons.	\$1,400,000	33 planning grants
		Suitable Living Environment	Sustainability	Planning/Feasibility Studies	Improve quality/quantity of public improvements for low/mod persons.	\$1,400,000	33 planning grants
4. Promote activities that enhance local economic development efforts.	CDBG	Economic Opportunities	Sustainability	Community Economic Development Fund	Improve economic opportunities for low/mod persons.	\$1,700,000	340 jobs
		Economic Opportunities	Sustainability	Micro-enterprise Assistance Program	Improve economic opportunities for low/mod persons.	\$500,000	

Source: Indiana Office of Community and Rural Affairs and Indiana Housing and Community Development Authority.